

**STATE COMPENSATION INSURANCE FUND
BOARD OF DIRECTORS**

MINUTES OF OPEN SESSION MEETING

March 29-30, 2012

The Board of Directors of the State Compensation Insurance Fund met on March 29 and 30, 2012, at Fairmont Sonoma Mission Inn, 100 Boyes Blvd., Boyes Hot Springs, California.

March 29, 2012

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order on March 29, 2012 at 1:11 p.m. and the following were present: Lawrence E. Mulryan, Chair; Sheryl A. Chalupa; Daniel M. Curtin, Donald E. Garcia; Sen. Michael J. Machado (Ret.); Francis E. Quinlan; Thomas E. Rankin; Scott K. Reid; and William M. Zachry. Absent by prior arrangement: Steve Rank and Christine Baker.

There was a quorum.

Also present: President and CEO Thomas E. Rowe; Chief Financial Officer Dan Sevilla; Chief Operating Officer Tom Clark; Chief Risk Officer Ken Van Laar; Chief Information Officer Shaun Coyne; Chief Investment Officer Peter Guastamachio; Chief of Internal Affairs Dante Robinson; Sr. Vice President of Communications and Marketing Jennifer Vargen; Sr. Vice President of Government Affairs Brian Watson; General Counsel and Corporate Secretary Carol R. Newman; and Board Liaison and Assistant Corporate Secretary Hilda Padua.

AGENDA ITEM 2: ANTITRUST ADMONITION

Mr. Mulryan called attention to and requested the Board members read State Fund's Antitrust Admonition, which is included in each Board member's meeting materials.

AGENDA ITEM 3: INTRODUCTIONS; SETTING EXPECTATIONS

Mr. Mulryan introduced National Association of Corporate Directors (NACD) presenters who will be facilitating the Board of Directors Continuing Education. Mr. Peter Gleason is the Managing Director for NACD. He is a member of NACD's national faculty and is a frequent presenter on the subjects of corporate governance, executive and director compensation, risk, strategic planning, board process and board evaluation. Ms. Paula Cholmondeley serves on the audit, governance, strategy and compensation committees of several publicly traded companies, on the Graduate School Board of the Wharton School MBA Program, and is an Instructor for "In-Boardroom" programs for NACD. Ms. Cholmondeley asked for and noted the Board members' expectations for the Board Education.

AGENDA ITEM 4: CURRENT ENVIRONMENT FOR DIRECTORS

Mr. Mulryan introduced Professor Bainbridge. Professor Stephen Bainbridge is the William D. Warren Distinguished Professor of Law at UCLA, where he currently teaches Business Associations, Advanced Corporation Law and a seminar on corporate governance.

Professor Bainbridge presented on the topic “Director Primacy in Nonprofit Organizations”. He focused on the theoretical aspects of the board’s role in nonprofit governance and then tied the theory to current best practice. Discussion ensued on best practices for governance.

AGENDA ITEM 5: FIDUCIARY DUTIES OF BOARD MEMBERS

Mr. Mulryan introduced Mr. Randy Keen of Manatt, Phelps and Philips. Mr. Keen regularly advises private sector and government clients on California’s Political Reform Act, conflicts of interest, ethics, lobbying, California’s open meeting laws (the Brown Act and the Bagley-Keene Act), the Public Records Act, and corporate governance matters. Mr. Keen presented a session on “Fiduciary Duties of Board Members”. This session covered: the Board’s charge and mission, duty of care, duty of loyalty, duties to insured, conflict of interest under Political Reform Act (PRA), recusal requirements, and effects of violation of PRA, conflict of interest in contracting. Discussion ensued on conflict of interest and Bagley Keene.

AGENDA ITEM 6: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 8-15

Mr. Mulryan requested public comment on the appropriateness of closed session for items 8-15 of which there was none.

AGENDA ITEM 7: PUBLIC COMMENT

Mr. Mulryan requested for any public comment of which there was none.

ADJOURNMENT

There being no further business, Mr. Mulryan adjourned the meeting at 2:50 p.m. to immediately reconvene in Closed Session.

March 30, 2012

There was not a quorum present nor were there members of the public. The Corporate Secretary adjourned the meeting.

Respectfully submitted,

Hilda Padua
Board Liaison and Assistant Corporate Secretary